

KEEPING THE NBA IN MILWAUKEE

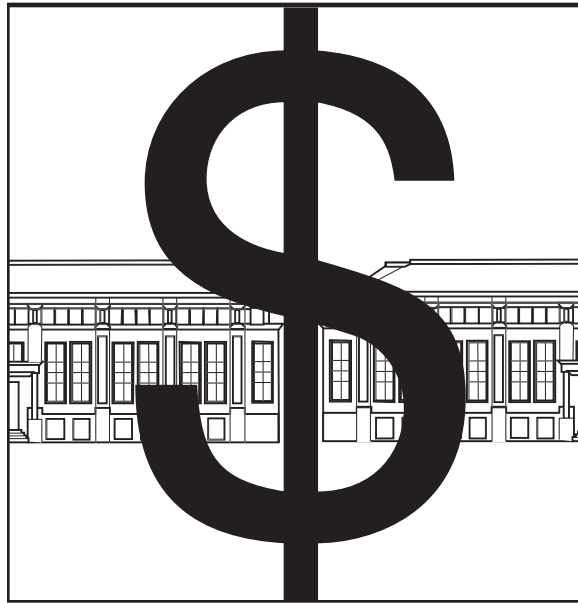
MARK KASS

On the surface, a proposed merger between the controlling boards of the Wisconsin Center District and the Bradley Center makes a great deal of sense. Putting one board in charge of the two downtown Milwaukee sports and entertainment facilities would help to ensure success for both facilities and, more specifically, make sure the facilities can support their professional sports teams.

But despite a high-profile summit in 2002, months of negotiations, pressure from top elected officials, and renovation projects for both facilities that are lagging, the two boards are no closer to a merger today than they were almost two years ago.

In fact, some political observers say the two high-profile boards, filled with prominent business executives and elected officials, are actually further apart, with each one focused on trying to push its own projects forward to gain a competitive advantage on the other facility.

"Right now, we are both trying to achieve our individual goals," said Franklyn Gimbel, a



Wisconsin Center Board,

Milwaukee attorney, who is the long-time chairman of the Wisconsin Center Board.

Absent achieving those goals, there is nothing wrong with the current governance. This is a marriage of accommodation. This is not a Valentine's Day romance.

Added Milwaukee Alderman Thomas Nardelli, a long-time member of the

We're dealing with some delicate issues, and we have to take care of our backyard first. A single board to oversee an entertainment complex from Fourth to Sixth Streets and from Wisconsin Avenue to Juneau is a very good idea. It doesn't take a rocket scientist to figure out it should be done. What is difficult is figuring out how it should be done.

With the recent disclosure by Milwaukee Bucks owner Herb Kohl that he may sell the National Basketball Association team, the potential merger has taken on added importance. Many sports observers have said it is

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going to be hard for Kohl to find a local buyer for the team, which he has pledged to do, unless the 15-year-old Bradley Center is upgraded.

"The Bradley Center was opened right before the new facility surge in the NBA," said Paul Anderson, assistant director of Marquette University's National Sports Law Institute. "Very simply, the team needs to come up with different revenue producers in that building. They have to be able to produce more revenue to continue to compete in the NBA."

Some community leaders are even speculating that if the facility is not upgraded, Kohl will not be able to find a local group of investors and could be forced to sell to a group that would move the team to another city. "As long as Herb Kohl owns the Bucks, the team would never leave Milwaukee," said Gimbel, a long-time friend of Kohl. "But if there is new ownership, the loyalty is no longer there, and there is a risk that they could go. That is the pure economics of the world we live in today."

The board that oversees the Bradley Center, which opened in 1988 as a \$70 million gift from Jane Pettit, has proposed a \$75 million plan to revamp the building. Plans call for reconstructing the seating bowl, improving sight lines, and adding as much as 95,000 square feet of space.

Evan Zeppos, a spokesman for the Bradley Center, said the board is still looking to finance a large part of its project through private sources. "We believe there are people in the community who will step forward to help upgrade this facility," Zeppos said. "And we are looking at other possible financial components, including a ticket surcharge, increased advertising sponsorships, and more signage."

But Bradley Center officials admitted they are still looking to the Wisconsin Center, and its ability to levy and collect taxes, for help with a portion of the financing package. The Wisconsin Center District Board, which is responsible for the operation of the Midwest Airline Center, U.S. Cellular Arena, and the Milwaukee Theater, was set up in 1994. It has

the power to levy a hotel-motel tax, a car-rental tax, and a food and beverage tax.

"We know they are looking to us to make that project happen," Gimbel said.

Gimbel said he could not support putting \$70 million into the Bradley Center, considering that it cost about \$70 million to build originally. At most, he said, he would support between \$10 million and \$20 million to make modifications that would allow more revenue to be produced from the facility, such as club seats and a new in-house restaurant to serve fans in club seats and luxury suites.

"There is no way I would ever go ahead with their \$70 million wish list," he said.

Gimbel said the primary reason the merger discussions have not resulted in an agreement is that the timing has not been right. Each facility is attempting to move ahead with its own plans for renovation, and the Wisconsin Center has run into problems in its effort to renovate the Milwaukee Auditorium as a venue designed to attract convention business, theatrical and concert productions, and other events.

The project has been marked by several problems, including a projected cost that has now ballooned from \$32 million to \$41 million and at least a three-month delay in completion. The Wisconsin Center Board has been forced to tentatively approve an increase in its hotel tax from two percent to three percent, which will generate an additional \$1.4 million a year.

The cost overruns have also forced the Wisconsin Center Board to put on hold, for at least a year, plans for the third phase of the Midwest Express Center, a \$100 million to \$120 million plan to expand the convention facility.

"Our shoes are going to be a little tighter on this one [the Milwaukee Theater], but I am confident that the end product is going to be something the community is very proud of," Gimbel said.

The state's tremendous budget problems have made it obvious to all those involved in the merger talks that any attempt to increase

the Wisconsin Center's authority to raise taxes will be rejected in Madison. "If we went to Madison today, it would be a wasted trip," Gimbel said. "I hate rejection. So why go to Madison if all the signs are that you will get a curt *no*?"

Merger seems to be the solution, then, offering the possibility that the two boards together can be do better than two boards apart. But political observers say that both are sides dug in on their issues, huge egos are involved, and there is little hope for a merger in the near future.

Both boards are filled with heavyweights from the Milwaukee community. The private Bradley Center Board's members include Ulice Payne, who was named president of the Milwaukee Brewers last fall, Ned Bechthold, president of Payne & Dolan, a Waukesha road builder, and Jim Forbes, chairman of Badger Meter Corporation.

The Wisconsin Center Board has its own heavyweights, including Milwaukee Aldermen Marvin Pratt and Nardelli, who are both running for mayor, State Senator Alberta Darling, co-chairman of the Legislature's powerful Joint Finance Committee, Stephen Marcus, chairman of the Marcus Corporation, the Milwaukee hotel and theater giant, and Gimbel, a prominent Milwaukee defense attorney.

Several political sources said the merger talks revealed a "fundamental clash of values." The Wisconsin Center Board is a public board; the Bradley Center board is a private board, dominated by local businesses executives, some of whom, sources said, believe that "elected officials are incompetent to manage entertainment facilities."

Gimbel said he has proposed a new governing board that would be made up of two-thirds Wisconsin Center appointments and one-third Bradley Center appointments. "I believe we could make that work, but the Bradley Center Board has not been as receptive," he said.

One fatal mistake in negotiations between the two sides was that both did their bargaining in the media, said Carl Mueller, a Milwaukee public relations executive and former chief of staff for Milwaukee Mayor John Norquist. "Once they both staked out their sides in the media, it made it much more difficult to accomplish [a resolution] because no

one wants to look like they gave in," Mueller said.

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The relationship between the two boards has been strained over the years, fueled in the early and mid-1990s by a 12-year agreement put in place after the Bradley Center was built. The agreement gave the new facility the right of first refusal over any event that was to be scheduled at the Milwaukee Arena and Auditorium. It also allowed the Bradley

Center to set rental rates and even control its promotion budget. In return, the Bradley Center collected a 15 percent cut of gross rental fees at the arena, except for those related to convention or trade shows.

The agreement was seen as way to ensure the success of the Bradley Center, but at the same time it hampered efforts to renovate the arena. Publicly, Wisconsin Center board members say today they do not hold any bitterness toward the Bradley Center, but several political sources said it was a thorn in their side until the agreement expired in 2000.

"There were a lot of bad feelings, especially with the way it was handled," said one

political source involved in the negotiations.

Joe Tierney [a Milwaukee attorney who represented the Pettit family] basically told Frank Gimbel that if the Wisconsin Center didn't sign the agreement, the headline in the newspaper the next day would be that they were responsible for the Pettits' withdrawing their gift.

For his part, Nardelli said he was not bitter about the agreement, but his comments reflect a lot of hard feelings. "I always hated that," he said. "I never understood why it was done. First, they took all the tenants out of our building and then they wanted a piece of the action for any new business. It was a terrible agreement, and I couldn't wait until the term ended."

Some even see the recent luring of the Milwaukee Wave professional soccer team from the Bradley Center back to the U.S. Cellular Arena as a little revenge for the Wisconsin Center. Gimbel said the negotiations between the two sides have been cordial, and he has a lot of respect for Payne, who is chairman of the Bradley Center Board. "This has never been about Ulice or myself," he said. "We're just both coming to the party with different agendas. We are the rich uncle, but we're not willing to share everything we have."

Payne, who could not be reached for comment, said in a recent radio interview that he is hopeful the announcement by Kohl of the possible sale of the Bucks will jumpstart the merger talks. "We need to bring people together and try to get this done," he said. "What will it take? We all need to shoulder some responsibility and get it done."

Earlier this year, Payne even went as far to suggest a regional approach to the multitude of sporting boards in the Milwaukee area, including the Pettit National Ice Center, Bradley Center, U.S. Cellular Arena, and Miller Park.

But the idea did not get much support because elected officials fear the prospect of an umbrella organization with taxing authority, similar to the Stadium District, which the state

of Wisconsin set up in the mid-1990s to oversee the construction of Miller Park for the Milwaukee Brewers. "If it's about adding taxes, voters will see right through it," Norquist said. "Just creating an authority to somehow solve these financial problems? The best way is to get these groups to stop looking for ways to increase their costs."

One way to solve the financial problems of the Bucks might be to give control of the Bradley Center to the NBA team and create a state oversight board, similar to what was done for Miller Park. "That may be the best strategic way out of this mess, and it would keep the Bucks in Milwaukee," said a political source.

Nardelli and several other Wisconsin Center board members were emphatic that they would not support giving public funds for a Bradley Center upgrade that would benefit the Bucks. "I can not support taking more money from taxpayers to benefit millionaire basketball players," he said. "The Bucks are very important to this community. But when you have a millionaire owner and players making the kind of money they are making, you are not going to find a lot of support for a public subsidy."

Added Gimbel, "We obviously are very supportive of a community presence of an NBA franchise in Milwaukee. But not at the cost of writing a unlimited check to the team."

Some have suggested that if a merger were accomplished, it would be beneficial to bring in a professional sports management firm to operate the two entities. But Nardelli said he would not support that move. "There is no way in hell I would support that," he said. "That would be privatization to the nth degree and would be a terrible move. Instead of working for us, they would be working for themselves at the expense of the maintenance and upkeep of the buildings."

Both Gimbel and Zeppos expressed optimism that a merger will be completed in the near future, echoing the sentiment both sides have shared for the past two years.

“If the political climate [on taxes] changes and both sides see that it is in their best interests, I believe we can get this done,” Gimbel said. “It will take some work and compromise, but it can be done.”

It better be, or it could cost Milwaukee its NBA team.